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SUBJECT The Defense Budget

ROGER MUDD: The current debate over the MX missile is only part of the much larger argument revolving around the \$233 billion U.S. defense budget. Is cost the best way to measure military parity with the Soviet Union, or is the best way the quality of the weapons?

Here's John Hart's Special Segment.

JOHN HART: Red Square, Moscow. The Red Army shouts hurrah. It is a celebration of power, a demonstration to the world of the growth of Soviet arms, and a justification to the Soviet people for their sacrifices to pay for it.

PRESIDENT RONALD REAGAN: The combination of the Soviets spending more and the United States spending proportionately less changed the military balance and weakened our deterrent.

HART: For President Reagan, what the Pentagon spends is an important measure of our strength or weakness. He campaigned on that belief and went to the White House with it: The Russians are outspending us.

When he came into office there was across the street in the Office of Management and Budget a defense spending analyst named Richard Stubbing who had served three previous Presidents. Nixon, Ford and Carter, he reports, decided on defense strategy first and then asked what it would cost. Stubbing, now at Duke University, says this Administration did it the otehr way around.

RICHARD STUBBING: They decided one evening to settle out at a \$30 billion add-on for the defense budget, without strategy, without priorities. And the services were then told

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to come up with the specifics to fill in the \$30 billion pot.

HART: Now, after two years as President, he still begins his analysis of the Soviet threat with Soviet spending.

PRESIDENT REAGAN: As you can see from this blue U.S. line, in constant dollars, our defense spending in the 1960s went up because of Vietnam. And then it went downward through much of the 1970s.

Now follow the red line, which is Soviet spending. It's gone up and up and up.

HART: The red line comes from CIA and Pentagon estimates of Soviet spending. Does it mean the Soviets are stronger than we are? In the CIA's analysis of its own figures, it warns, "Dollar valuations still measure input rather than output, and should not be used as a measure of the relative effectiveness of U.S. and Soviet forces."

ADMIRAL STANSFIELD TURNER: The output concerns a lot more than the money. It concerns the training, the morale, the type of equipment that you buy, the effectiveness and efficiency of the armed forces.

WILLIAM COLBY: I think it's the least useful comparison between ourselves and the Soviet Union, in terms of security. After all, in a way, David defeated Goliath. And I'm sure Goliath spent a great deal more on his weapons, on his armament, and everything else.

HART: Unfortunately, the real comparison of armed forces is combat. But no one wants to test the Rapid Deployment Force, for example, trained to protect the Persian Gulf, against the Soviet forces which are now close to the Gulf in Afghanistan. And the final test of Soviet missiles against the American arsenal is what we're trying to avoid.

So, the graphs show what each side has, not what they can do. And the spending graphs, which look so simple, are really imprecise estimates of Soviet intentions.

Robert MacFarlane, a principal strategist on President Reagan's national security staff.

ROBERT MACFARLANE: The comparison in spending represents the trend and what we anticipate will be the state of the balance in the years ahead.

HART: How precise is the comparison in spending? It is an estimate. The CIA saying its margin of error is 10 to 15

percent, a margin of tens of billions of dollars. But analysts like Colby say the dollars are not the issue.

COLBY: I'd much rather be David than Goliath. He's the one who won, and at a minimum expenditure. It's your brainpower, how you use your resources, how you use your forces that really show you your strength.

MACFARLANE: The implication in that comment is that Soviet weapons aren't any good.

COLBY: I don't trust the Russians. If they had a superiority, I think they'd use it. And I think the fact that they don't dare use it is evidence, in a way, that there is no such thing as a usable superiority.

MACFARLANE: I think if you look at the record of Soviet willingness to take risks to expand its influence in the past five or seven years, that it surely has gone up.

HART: So for the White House, spending gaps are a useful way to portray the Soviet threat. The alternative view is that it's not how much the two powers spend, but what they buy and how good they are at using it.